


Trading Operations in Schools and Acceptance of Advantages and Donations by Schools and their Staff

**Education Bureau
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Trading Operations in Schools

Trading Operations in Schools

When schools in receipt of public funds operate or enter into any trading operations on the school premises, directly or indirectly, with any person for the supply of items exclusively to their students, they should

- ❑ refer to relevant provisions of the Prevention of Bribery Ordinance and relevant EDB's circulars to ensure compliance with the necessary requirements; 
- ❑ obtain **prior permission** in writing from the approval authority. 

Relevant Rules and Regulations

- ❑ Prevention of Bribery Ordinance
- ❑ EDB Circular No. 24/2008 - Trading Operations in Schools
- ❑ EDB Circular No. 4/2013 – Procurement Procedures in Aided Schools
- ❑ EDB Circular No. 14/2003 - Acceptance of Advantages and Donations by Schools and their Staff



Obtaining Prior Approval

Schools	Approval Authority
Managed by SMC	Permanent Secretary for Education
Managed by IMC	Incorporated Management Committee

SMC – School Management Committee

IMC – Incorporated Management Committee

Prior permission is also required for subsequent changes to the approved trading operations (e.g. change of supplier/contractor, renewal of contract)

Fundamental Principles

1. Freedom to Choose

- ▣ No purchase or acceptance of paid services should be compulsory.
- ▣ Parents or students should be properly informed of prices of the goods/services provided so that they can **exercise discretion** as to whether to acquire these goods/services elsewhere or not.

Examples

- Sale of items for the exclusive use of students in one particular school (e.g. items bearing school badges) Should be kept at the minimum

- Sale of School Uniforms Free to choose

- Sale of School Magazines Free to choose



2. Acceptance of Advantages or Donations from Suppliers/ Contractors

- ❑ **Should not accept** advantages or donations from suppliers/contractors in general
- ❑ Should be considered **only in very exceptional circumstances with COMPELLING reasons** and
- ❑ Should be **approved by** SMCs / IMCs

Examples

- The textbook publishers offer free teaching aids, supplementary teaching resources, floral baskets, scholarships, etc to schools.

(Ref: EDBC No.42/2013 "Selection of Quality Textbooks and Curriculum Resources for Use in Schools)

- The tuckshop operator provides free drinks for school staff in a sports day.



Should NOT Accept

3. Use of Profits/Net Income

The profits/net income arising from trading operations

- should be applied for the purposes of **directly benefiting the students of the schools**;
- **should not be transferred** to any third parties including Parent-Teacher Associations (PTAs) or School Sponsoring Bodies (SSBs).

Examples

- A PTA was delegated to handle certain trading operation on behalf of school, the profits/net income arising from such trading operation were credited into the PTA's bank account and later partly used to sponsor a PTA activity.

NOT Appropriate



4. Quotation/Tendering Exercise

Schools should adopt an **open, fair and competitive** system to select goods and services provided by suppliers/contractors:

- At regular intervals
- Preferably **not exceeding three years**

to maintain the qualities of the paid services and to ensure that the prices of the sold items are reasonable.

Points to Note (1)

Trading Operations Arranged/Undertaken by PTAs and SSBs

PTAs and SSBs should –

- ▣ Obtain **prior delegation** from SMCs or IMCs;
- ▣ Observe the principles and arrangements as set out in EDBC No. 24/2008 and EDBC No. 4/2013.

Trading Operations Arranged/Undertaken by PTAs and SSBs (Cont'd)

If PTAs or SSBs wish to undertake trading operations in schools,

- ▣ they should be treated **as one of the bidders** ;
- ▣ the procurement procedures should be **conducted by schools**; and
- ▣ EDBC No.4/2013 should be observed.

Points to Note (2)

Profit Limit

- **No profit** would be generated from sale of textbooks.
- The profit from sale of exercise books, school uniforms, stationery, equipment and other items (other than textbooks) should be limited to **15% of the cost price** at which they are purchased from the suppliers.
- The profits should be applied for the purposes of **directly benefiting the students** of the schools.

Points to Note (3)

Monitoring Trading Operations

Schools are recommended to form **Monitoring Committee(s) on Trading Operations** to:

- ❑ conduct quotations/tendering exercise in selecting suppliers /contractors according to the provisions stipulated in the EDB Circular No. 4/2013 or the school-based procurement policy,
- ❑ review regularly the goods/services provided by the suppliers/contractors;
- ❑ investigate into complaints about trading operations, etc.

Points to Note (4)

Sexual Conviction Record Check

Schools are advised to

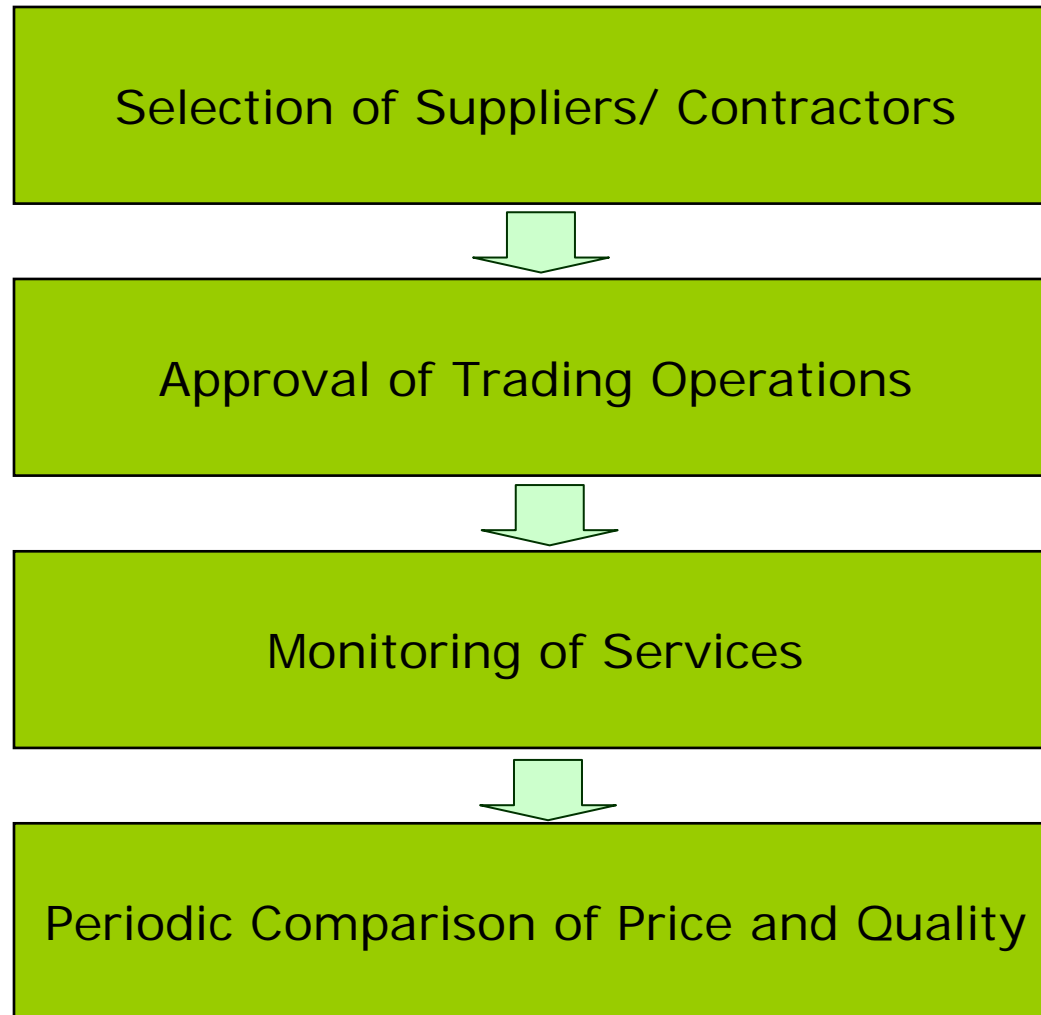
- ▣ request staff who are deployed by suppliers/contractors to work in schools frequently / regularly to undergo **Sexual Conviction Record Check** and to allow schools to have access to the checking results

★ Applications for SCRC should be submitted by the staff concerned **voluntarily**

- ▣ Website of SCRC:

http://twdc.police.gov.hk/ppp_en/11_useful_info/scrc.html

Key Process



Reference Materials

1. www.edb.gov.hk > School Administration and Management > Financial Management > About Financial Management > Reference Matters on Trading Operations



The screenshot shows the Education Bureau website. The header includes the Education Bureau logo and the text 'The Government of the Hong Kong Special Administrative Region'. Below the header, there is a navigation menu with options like 'Home', 'Latest News', 'About EDB', etc. The main content area is titled 'Reference Materials on Trading Operations' and lists several documents:

- [Application Form for Permission to Conduct Trading Operations \(for schools managed by school management committees\)](#)
- [Guidelines on Conducting Trading Operations](#)
- [Specific Principles/Arrangements of Different Trading Operations](#)
- [Salient Points for Conducting Trading Operations in School](#)
- [Sample Register of Donations Received by Schools](#)
- [List of Major Items for Inclusion in Tender Documents for Trading Operations](#)
- [Points to Note on Preparing Marking Scheme for Tender Evaluation](#)
- [Standard Tender Terms and General Conditions of Contract for use by the Government](#)

2. <http://www.icac.org.hk>
 - (i) Best Practice Checklist- Governance and Internal Control in Schools (防貪錦囊-學校管治與內部監控)
 - (ii) The Integrity Management for Schools - A Practical Guidebook for School Staff (學校誠信管理-教職員實務手冊)

Acceptance of Advantages and Donations by Schools and their Staff

Acceptance of Advantages and Donations

- ▣ SMCs/IMCs should **formulate clear policies** for schools and their staff on acceptance of advantages and donations.
- ▣ SMCs/IMCs **never permit** schools and their staff **to solicit advantages**.

Acceptance of Advantages and Donations

By School:

- ❑ Should not jeopardize the **interests of students**
- ❑ Should be **approved by SMCs/IMCs**
- ❑ Should be **expended on schools and for educational purposes** only
- ❑ Should consider carefully whether donations giving rise to actual or perceived **conflict of interest**
- ❑ Should take into consideration **any recurrent costs** that will arise (e.g. the maintenance cost of donated equipment)

Acceptance of Advantages and Donations

By School (Cont'd):

- ▣ Should **register** details of all donations and record them in the School Report
- ▣ **Proper donation records** should be made available at all times for public inquiry and for EDB's inspections

*(Should state in the Register of Donations Received by Schools the **COMPELLING reasons** for acceptance donations from suppliers/contractors)*

Proper Records

SAMPLE

Register of Donations Received by Schools

/		School Year							
Item no.	Name of donor	Donor's relation with school	Description and value of donations received*	Whether the donations received are solicited*	Date of receiving donations*	Purpose of donations*	#Compelling reasons to accept the donations if the donor is one of the schools' trading operators/suppliers	SMC's/ IMC Approval (School's reference no. and date)	Subsequent disposal of donations@

Compelling reasons for accepting the donation if the donor is one of the school's suppliers/contractors

SMC's/IMC's Approval (School's reference no. and date)

complied with the provisions stipulated in the Education Bureau Circular on the Prevention of Bribery Ordinance, when accepting the above donations. All the donations would not result in additional recurrent expenditure from government. I also declare that the acceptance and disposal of donations of the above donations have been complied with EDBC 24/2008.

Note: *Donations including cash grant in form of discount or commission fee to school to solicit donations or advantages from trading operators/suppliers.

#A mandatory item for schools to fill in if donors are the schools' trading operators/suppliers.

@Specify the amount of money and the quantity of goods or services being purchased.

Name of Supervisor: _____

Signature of Supervisor: _____

Date: _____

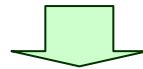
Acceptance of Advantages and Donations

By Staff:

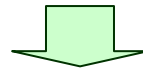
- ▣ Individual staff may be allowed to accept gifts from parents, colleagues or students on special occasions (such as graduation ceremony, retirement, resignation, etc) in accordance with the policy endorsed by SMCs/IMCs.
- ▣ SMCs/IMCs should therefore set maximum cash value for these gifts and make it known to related parties.

Key Process

SMCs/IMCs formulate clear policies for schools and their staff on acceptance of advantages and donations



Approval of Acceptance



Records of Donation

Conflict of Interest

- ❑ **Guidelines on declaration of conflict of interest** are formulated and endorsed by the SMC/IMC so as to avoid any actual or perceived conflict of interest.
- ❑ SMCs/IMCs should require SMC/IMC members and school staff to **make declaration** of pecuniary or other personal interests **annually**.
- ❑ Schools are required to **properly record** any declarations or disclosures made.

Fund-raising Activities in Schools

- ▣ **Guidelines on fund raising activities** are formulated, endorsed by the SMC/IMC and implemented properly.
- ▣ Parents and students should be properly informed of the **objectives** of the fund-raising activities and **usage** of the funds raised.
- ▣ Participation of students or donations by students must be on an **entirely free and voluntary basis.**

Fund-raising Activities in Schools (Cont'd)

PSEd has given schools the permission to conduct the following fund-raising activities:

- (i) raise funds for approved charitable institutions or trusts of a public character exempt from taxes under Section 88 of the Inland Revenue Ordinance,
- (ii) raise funds for own schools purposes, and
- (iii) allow students to assist in the above fund raising activities outside school premises.

However, other organizations which intend to raise funds in schools should seek prior approval from PSEd.

Fund-raising Activities in Schools

- Approval from other government authorities is also required, depending on the nature and form of activities.
- A **financial statement** of each fund-raising activity should be properly compiled and displayed for a reasonable period of time on the school's notice board.
- Please refer to “Fund-raising Activities in Schools” for more relevant requirements.

(www.edb.gov.hk > School Administration and Management > Administration > About Activities > Fund-raising Activities in Schools)

Reference Materials on EDB Homepage

www.edb.gov.hk > School Administration and Management > Financial Management > Notes to School Finance > References on Acceptance of Advantages and Donations by Schools and their Staff

The screenshot shows a Windows Internet Explorer browser window displaying the EDB website. The address bar shows the URL: gov.hk/en/sch-admin/fin-management/notes-sch-fin/ref-donation-acceptance/index.html. The page title is "Advantages and Donations by Schools and Their Staff - Windows Internet Explorer". The main content area is titled "References on Acceptance of Advantages and Donations by Schools and Their Staff".

Acceptance of Advantages and Donations by Schools and Their Staff

Under Section 9 of the Prevention of Bribery Ordinance (POBO), it is an offence for an employee to accept, without his/her employer's permission, an advantage as an inducement to or reward for doing or not doing an act in relation to the employer's business. The person who offers the advantage shall also be guilty of an offence.

The School Management Committees (SMCs)/Incorporated Management Committees (IMCs) as the managers and employers of their teaching and non-teaching staff, have the responsibility to formulate policies and issue clear guidelines for their schools and staff on the acceptance of advantages and donations. SMCs/IMCs should ensure that their schools are being managed and operated in a fair and just way by implementing proper policies in administration areas including student admission, appointment and promotion of staff, purchase of goods/services, and selection of suppliers/contractors. As schools have a strong influence on young people, the SMCs/IMCs should set themselves as role models. They should promote a fair and just atmosphere in schools and should also ensure that their schools and staff are in every way above suspicion of doubtful practice. School managers, teachers and staff are expected to have a high standard of integrity by members of public.

Regarding "The Prevention of Bribery Ordinance, Cap 201"

- ["The Prevention of Bribery Ordinance, Cap 201" Section 2](#)
- ["The Prevention of Bribery Ordinance, Cap 201" Section 3](#)
- ["The Prevention of Bribery Ordinance, Cap 201" Section 4](#)
- ["The Prevention of Bribery Ordinance, Cap 201" Section 9](#)
- [Corruption Prevention Best Practices "Governance and Internal Control in Schools"](#)

Education Bureau Circular

- [Education Bureau Circular No.14/2003](#) (89 KB)
- [Education Bureau Circular Memorandum No.42/2013](#) (126 KB)

Samples of Forms/Letters

- [Conflict of Interest Declaration](#) (28 KB)
- [Sample Code of Conduct for Schools](#) (26 KB)
- [Sample Register of Donations Received by Schools](#) (32 KB)
- [Report Form on Acceptance of Advantages](#) (30 KB)

The left sidebar contains a navigation menu with the following items: Education System and Policy, Curriculum Development, Students and Parents Related, Teachers Related, School Administration and Management, Public and Administration Related, Access to Information, and Contact Us. Below the menu is a vertical list of promotional banners for various EDB services, including "Insider's Perspective", "School Information Search & School Lists", "Chief Executive's Award for Teaching Excellence 2013/2014", "Teachers' Helpline 2892 6600", "EDB One-stop Portal for Prospective Learning & Teaching Resources", "Scholarship for Prospective English Teachers", "Tree & Landscape Map", "Safety at Work", "news.gov.hk 政府新聞網", and "I-EdCity 香港教育城".

For enquiries, please contact your respective Senior School Development Officers.

